

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGR-01 AID-05 CEA-01 CIAE-00
COME-00 EB-08 EA-10 FRB-03 INR-10 NEA-11 NSAE-00
ICA-11 OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 OMB-01
SS-15 /112 W

-----129872 011309Z /40

R 301939Z JUN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7611
INFO ALL EC CAPITALS
USMISSION GENEVA

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USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
GENEVA ALSO FOR USMTN

E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: INTERNAL EC POSITIONS ON AGRICULTURE AND COARSE
GRAINS MTN'S

WE HAVE OBTAINED ON A CONFIDENTIAL BASIS RECORDS OF THE
MINUTES OF RECENT MEETINGS OF THE ARTICLE 113 COMMITTEE.
THESE ARE BEING TRANSMITTED VIA AIR POUCH TO R. SCHROETER,
FAS; E. CASEY, STATE; AND M. ROWNY, GENEVA. THE MOST
SIGNIFICANT POSITIONS TAKEN BY THE MEMBER STATES AND THE
EC COMMISSION, WHICH HAVE A BEARING ON CURRENT AGRICUL-
TURAL NEGOTIATIONS, ARE REPRODUCED BELOW VERBATIM FROM THE
MINUTES OF THE MAY 26 MEETING OF THE 113 COMMITTEE:

A. GRAINS - ADDITIONAL MEASURES IN THE EVENT OF A
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CRITICAL PRICE SITUATION:

(1) THE GERMAN DELEGATION SPOKE OF THE NEED TO
COMPLY STRICTLY WITH THE COUNCIL'S DIRECTIVES AND POINTED
OUT THAT IN THE DIRECTIVES THE ONLY INSTRUMENT PROPOSED
FOR KEEPING PRICES WITHIN THE BRACKET WAS THAT OF STORAGE
MEASURES. IT FELT THAT THE PROVISION IN THE OUTLINE

AGREEMENT SUBMITTED JOINTLY BY THE COMMISSION AND THE UNITED STATES AT THE LATEST MEETING OF THE INTERIM COMMITTEE, WHICH PROVIDED FOR THE POSSIBILITY OF "ADDITIONAL MEASURES" IN THE EVENT OF PRICES APPROACHING THE MINIMUM, WAS INCOMPATIBLE WITH THOSE DIRECTIVES. THE GERMAN DELEGATION WAS NOT, THEREFORE, ABLE TO AGREE TO THE OUTLINE PROPOSED;

(2) THE FRENCH DELEGATION WAS CONCERNED AT THE POSSIBILITY THAT ANY SUCH ADDITIONAL MEASURES WOULD IN FACT LIMIT PRODUCTION IN A MANNER INCOMPATIBLE WITH THE PRINCIPLES AND MACHINERY OF THE COMMON AGRICULTURAL POLICY. IT NEVERTHELESS RECOGNIZED THE VALUE OF A MEASURE TO COMPLEMENT STORAGE WHERE THE LATTER PROVED INADEQUATE IN SAFEGUARDING THE MINIMUM PRICE AND SUGGESTED THAT STEPS SHOULD BE TAKEN TO ENSURE THAT ANY REFERENCE TO POSSIBLE ADDITIONAL MEASURES SHOULD BE CONFINED TO MEASURES THE PARTIES TO THE AGREEMENT MIGHT TAKE INDEPENDENTLY IN ACCORDANCE WITH THEIR EXISTING POLICIES.

(3) THE COMMISSION FELT THAT POSSIBLE RECOURSE TO ADDITIONAL MEASURES COULD ONLY BE ENVISAGED AS A FINAL STEP IF IT WERE TO BE FOUND THAT STORAGE MEASURES DID NOT GIVE SUFFICIENT EFFECT. THIS WOULD HAVE TO BE UNDERTAKEN IN THE FORM OF INDEPENDENT MEASURES WHICH RESPECTED THE EXISTING POLICIES OF THE SIGNATORIES.
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(4) THE ACTUAL IMPLEMENTATION OF SUCH MEASURES COULD ONLY BE DECIDED ON WHEN THE MARKET PRICES DROPPED TO THE LEVEL OF THE MINIMUM PRICES.

(5) MOST DELEGATIONS EXPRESSED A FAVOURABLE OPINION ON THIS APPROACH. THE GERMAN DELEGATION MAINTAINED ITS RESERVATION.

B. COARSE GRAINS - TAKING ACCOUNT OF THE UNCERTAINTY WHICH EXISTED AS REGARDS THE ATTITUDE OF THE MAIN NEGOTIATING PARTNERS, AND REFERRING TO THE PROPOSAL MADE BY ARGENTINA, THE COMMITTEE ARRIVED AT THE FOLLOWING POSITION:

(1) THE COMMUNITY WOULD CONTINUE TO DEFEND ITS ORIGINAL CONCEPT.

(2) IF IT TRANSPIRED THAT THE COMMUNITY'S APPROACH MET WITH INSURMOUNTABLE DIFFICULTIES AND THAT IT WAS NECESSARY TO INTRODUCE A DEGREE OF FLEXIBILITY TO REACH A SATISFACTORY RESULT IN THE CEREALS NEGOTIA-

TIONS, THE DELEGATIONS OF THE MEMBER STATES WOULD, ON THE BASIS OF THE IDEAS PUT FORWARD BY THE COMMISSION, EXAMINE ANY AMENDMENTS IT WOULD BE APPROPRIATE TO MAKE TO THE ORIGINAL COMMUNITY PROPOSALS.

(3) IF APPROPRIATE, AND WITHOUT PREJUDICE TO REFERRAL OF THE MATTER TO THE COMPETENT BODIES IN BRUSSELS, THIS EXAMINATION COULD BE UNDERTAKEN DURING THE ON-THE-SPOT COMMUNITY MEETINGS IN LONDON TO BE HELD THROUGHOUT THE PROCEEDINGS OF THE INTERIM COMMITTEE, TO BE RESUMED AS FROM 5 JUNE 1978.

NOTE BY OC/T: AGR CIRCUIT INOP.
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ICA-11 OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 OMB-01
SS-15 /112 W

-----129894 011310Z /40

R 301939Z JUN 78
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C. GENERAL PROGRESS OF THE NEGOTIATIONS - IN THIS CONNECTION, THE FRENCH DELEGATION RECALLED THE IMPORTANCE OF THE FOLLOWING PRINCIPLES:

(1) SINCE THE SPECIFIC NATURE OF AGRICULTURE

HAD BEEN ACKNOWLEDGED, IT WOULD OBVIOUSLY BE IMPOSSIBLE TO ASSESS WHETHER AN OVERALL AND BALANCED SOLUTION HAD BEEN FOUND FOR BOTH AGRICULTURE AND THE INDUSTRIAL ASPECTS UNTIL THE END OF THE NEGOTIATIONS;

(2) THE PRINCIPLES AND MACHINERY OF THE COMMON AGRICULTURAL POLICY COULD NOT BE CALLED INTO QUESTION EITHER DIRECTLY OR INDIRECTLY;

(3) AS REGARDS THE NEGOTIATIONS ON THE THREE MAJOR CATEGORIES OF PRODUCTS (CEREALS, MILK PRODUCTS AND MEAT), EMPHASIS SHOULD BE LAID ON THE COSTS BORNE BY THE COMMUNITY AND ACCOUNTS SHOULD BE DRAWN UP FOR THIS CONTRIBUTION IN THE AGRICULTURAL SECTOR OR IN THE LIMITED OFFICIAL USE

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OVERALL FRAMEWORK OF THE NEGOTIATIONS;

(4) AS REGARDS THE NEGOTIATIONS ON PRODUCTS OTHER THAN THE THREE ABOVE-MENTIONED CATEGORIES, IT WOULD BE NECESSARY TO INSIST ON STRICT RECIPROCITY IN THE ENVISAGED BILATERAL AGREEMENTS.

OTHER DELEGATIONS STATED THAT THEY COULD IN GENERAL AGREE TO THE ABOVE PRINCIPLES BUT EMPHASIZED THE FOLLOWING ASPECTS:

(1) THE UNITED KINGDOM DELEGATION POINTED OUT THAT IT WAS NECESSARY, IF THE NEGOTIATIONS WERE TO BE SUCCESSFUL, THAT THE PARTNERS OBTAIN SOME MINIMUM OF SATISFACTORY CONCESSIONS;

(2) THE GERMAN DELEGATION ADVOCATED A PRAGMATIC APPROACH WHICH WOULD ENABLE PRACTICAL PROGRESS TO BE MADE. HINTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURE, POLICIES, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE12932
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780272-0594
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978065/aaaaadpt.tel
Line Count: 209
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 72ba5087-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2317107
Secure: OPEN
Status: NATIVE
Subject: INTERNAL EC POSITIONS ON AGRICULTURE AND COARSE GRAINS MTN'S WE HAVE OBTAINED ON A CONFIDENTIAL BASIS
RECORDS O
TAGS: EAGR, EEC
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/72ba5087-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014